

January 5, 2006

TELEMARKETING TOPS LIST OF CONSUMER COMPLAINTS

BISMARCK – Telemarketers and telemarketing scams accounted for more than sixty percent of all consumer complaints in 2005, reported Attorney General Wayne Stenehjem. Telemarketing complaints come from a variety of different categories, including government grants scams, sweepstakes, magazine subscriptions, discount buying clubs, as well as violations of the state’s “Do Not Call” laws.

“Telemarketing scams are the number one consumer headache in North Dakota,” said Stenehjem. “The frauds associated with telemarketing calls are multiplying, and consumer losses are increasing.”

Telemarketers employ high pressure tactics and read from scripts designed to confuse and trick people into believing they are being offered a great deal. Usually there is a cost, often disguised as processing fees or taxes, which the consumer must pay before receiving the prize, grant, or bargain being offered.

“Of course, this is simply a ruse so the con artist can get the consumer’s credit card or bank account number,” said Stenehjem. “While the consumer waits to receive what has been promised, the con artist simply steals the money and moves onto the next victim.”

2005 “top ten” complaints:

Issue	Complaints
1. Do Not Call violations	154
2. Sweepstakes (telemarketing fraud)	138
3. Government Grants (telemarketing fraud)	125
4. Telephone (service/billing issues)	102
5. Mail Order (problems with delivery, etc)	86
6. Discount Buying Clubs (telemarketing fraud)	70
7. Directories (telemarketing fraud)	58
8. Internet Scams (Classified Ad, Lottery, Phishing, and Nigerian Letter)	54
9. Identity Theft	49
10. Travel scams (registration at local fairs)	45

In 2005, the consumer protection division received 154 complaints from consumers reporting violations of the “Do Not Call” law. Stenehjem took action against 34 companies responsible for the violations, obtaining settlements and fines totaling \$41,750.

Also last year, Stenehjem issued cease and desist orders against a group of individuals operating government grants scams from an international call center, barring them from making any further telemarketing calls to North Dakota consumers. The con artists were offering “guaranteed” US government grants to consumers after payment of processing fees.

“Scam artists operate from centers located outside the United States in an effort to evade the law,” said Parrell Grossman, Director of the Consumer Protection Division.

Foreign lottery scams are also increasing, according to Grossman. The telemarketer congratulates the “lucky” consumer on winning a large sum of money but explains that taxes or other charges must be paid before the consumer can claim the prize. The victim is instructed to send the money by wire transfer to an overseas location. Of course, there is no prize to be won and the victim’s money goes straight into the scam artist’s pocket. “It is almost impossible to recover money sent by wire transfer,” said Grossman.

Stenehjem urged consumers to research any solicitation by contacting the Consumer Protection Division toll free at 1-800-472-2600 before sending any money or giving out financial information.

“There is no absolute protection from con artists, but the best defense is a good offense. Arm yourself with caution, commonsense, and research. Be skeptical if someone offers large sums of money or valuable prizes for a fee. A simple phone call may prevent thousands in losses,” said Stenehjem.

Additional information about the referenced scams is available online at

<http://www.ag.state.nd.us/CPAT/ConsumerInfo.htm>